

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Morden E. Kratter</i>	Printed Name		License Number	

Southwestern Oakland Cable Commission

**Financial Report
with Supplemental Information
June 30, 2007**

Southwestern Oakland Cable Commission

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Independent Auditor's Report

To the Members
Southwestern Oakland Cable Commission

We have audited the governmental activities (full accrual basis) and General Fund (modified accrual basis) of Southwestern Oakland Cable Commission as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Southwestern Oakland Cable Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Southwestern Oakland Cable Commission as of June 30, 2007 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by accounting principles generally accepted in the United States of America; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southwestern Oakland Cable Commission's basic financial statements. The required supplemental information and the other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Plante & Moran, PLLC

October 12, 2007

Southwestern Oakland Cable Commission

Governmental Fund Balance Sheet/Statement of Net Assets June 30, 2007

	General Fund - Modified Accrual Basis	Adjustments (Note 7)	Statement of Net Assets - Full Accrual Basis
Assets			
Cash and investments (Note 2)	\$ 311,129	\$ -	\$ 311,129
Franchise fee receivable	255,473	-	255,473
Due from other governmental units	6,000	-	6,000
Land, buildings, and equipment - Net (Note 3)	-	2,263,432	2,263,432
Total assets	<u>\$ 572,602</u>	2,263,432	2,836,034
Liabilities			
Accounts payable	\$ 145,742	-	145,742
Long-term debt (Note 4):			
Due within one year	-	126,578	126,578
Due in more than one year	-	1,567,649	1,567,649
Compensated absences (Note 4):			
Due within one year	-	23,672	23,672
Due in more than one year	-	21,476	21,476
Total liabilities	145,742	1,739,375	1,885,117
Fund Balance - Undesignated	<u>426,860</u>	<u>(426,860)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 572,602</u>		
Net Assets			
Investment in general fixed assets - Net of related debt		569,205	569,205
Unrestricted		381,712	381,712
Total net assets		<u>\$ 950,917</u>	<u>\$ 950,917</u>

Southwestern Oakland Cable Commission

Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended June 30, 2007

	General Fund Modified - Accrual Basis	Adjustments (Note 7)	Statement of Activities - Full Accrual Basis
Revenue			
Franchise fees	\$ 643,959	\$ -	\$ 643,959
Cable company operating contribution	307,498	-	307,498
Interest income	18,619	-	18,619
Miscellaneous	<u>79,846</u>	<u>-</u>	<u>79,846</u>
Total revenue	1,049,922	-	1,049,922
Expenditures			
Salaries	358,427	-	358,427
Fringe benefits	106,153	(1,024)	105,129
Operating supplies and sundry	104,487	-	104,487
Professional fees, promotion, training, and other	41,673	-	41,673
Debt service:			
Principal	118,234	(118,234)	-
Interest	127,818	-	127,818
Depreciation expense	-	183,321	183,321
Capital outlay	<u>208,955</u>	<u>(208,876)</u>	<u>79</u>
Total expenditures	<u>1,065,747</u>	<u>(144,813)</u>	<u>920,934</u>
Excess of Revenue Over (Under) Expenditures	(15,825)	144,813	128,988
Fund Balance/Net Assets - July 1, 2006	<u>442,685</u>	<u>379,244</u>	<u>821,929</u>
Fund Balance/Net Assets - June 30, 2007	<u>\$ 426,860</u>	<u>\$ 524,057</u>	<u>\$ 950,917</u>

Southwestern Oakland Cable Commission

Notes to Financial Statements June 30, 2007

Note I - Significant Accounting Policies

The accounting policies of Southwestern Oakland Cable Commission (the "Commission") conform to generally accepted accounting principles as applicable to governmental units. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements. The following is a summary of the significant accounting policies:

Reporting Entity

The Commission oversees the cable television services provided by a private cable operator to the participating cities of Farmington, Farmington Hills, and Novi. Each community's participating equity interest in the Commission at June 30, 2007 is not determinable. The Commission is comprised of the city manager and an appointed elected official from each of the three cities. Revenue is derived principally from a specific percentage of cable operator television revenue.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Commission's basic financial statements include both the Commission's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements

The full accrual financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables. The Commission's net assets are reported in two parts - invested in capital assets and unrestricted net assets.

Southwestern Oakland Cable Commission

Notes to Financial Statements June 30, 2007

Note 1 - Significant Accounting Policies (Continued)

Modified Accrual Financial Statements

The modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Capital Assets - Capital assets are defined by the Commission as assets with an initial cost of more than \$500 and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis (no depreciation in year of purchase) over the following estimated useful lives:

Building and improvements	30 years
Equipment	10 years

Accounts Receivable - Accounts receivable represent amounts owed to the Commission by Brighthouse for \$255,473. No allowance for uncollectible accounts is deemed necessary as management believes all accounts are collectible.

Note 2 - Cash and Cash Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Commission is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Southwestern Oakland Cable Commission

Notes to Financial Statements June 30, 2007

Note 2 - Cash and Cash Equivalents (continued)

The Commission has designated one bank for the deposit of its funds. The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 has authorized investments in bonds and securities of the United States government, bank accounts, and CDs, but not the remainder of state statutory authority as listed above. The Commission's deposits and investment policies are in accordance with statutory authority.

The Commission's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. At year end, all of the Commission's bank deposits (checking and savings accounts) were insured. The Commission believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits and although all current year deposits are insured it is not the Commission's policy to insure all deposits. The Commission evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices. As of year end, the credit quality rating of the Commission's only investment is as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 309,435	Aaa	Moody's

Southwestern Oakland Cable Commission

Notes to Financial Statements June 30, 2007

Note 3 - Land, Buildings, and Equipment

A summary of changes in general fixed assets is as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Land and buildings	\$ 525,000	\$ -	\$ -	\$ 525,000
Building improvements	1,656,032	-	-	1,656,032
Equipment	722,722	208,876	-	931,598
Total	2,903,754	208,876	-	3,112,630
Accumulated depreciation	(665,877)	(183,321)	-	(849,198)
Net book value	<u>\$2,237,877</u>	<u>\$ 25,555</u>	<u>\$ -</u>	<u>\$ 2,263,432</u>

Note 4 - Long-term Debt

Changes in Long-term Debt

The following is a summary of the long-term debt transactions of the Commission for the year ended June 30, 2007:

	Number of Issues	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
General obligation debt	2	<u>\$ 1,812,461</u>	<u>\$ -</u>	<u>\$ 118,234</u>	<u>\$ 1,694,227</u>	<u>\$ 126,578</u>
Accumulated employee benefits	-	<u>\$ 46,172</u>	<u>\$ 27,184</u>	<u>\$ 28,208</u>	<u>\$ 45,148</u>	<u>\$ 23,672</u>

The general obligation debt represents two loans to the Commission from the City of Farmington Hills, Michigan General Fund. The first note bears interest at a rate of 7.00 percent and is due in 14 annual installments of \$59,401, including interest, through February 2016. The second note bears interest at a rate of 7.00 percent and is due in 15 annual installments of \$186,651, including interest, through February 2017. The notes are secured by the Commission's building and certain equipment financed by the notes.

Southwestern Oakland Cable Commission

Notes to Financial Statements June 30, 2007

Note 4 - Long-term Debt (Continued)

The accumulated employee benefits represent the estimated liability to be paid to governmental fund-type employees under the Commission's sick pay policy, net of the portion that is estimated to be paid currently. Under the Commission's policy, employees earn sick time based on time of service with the Commission.

Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2007 (excluding accumulated employee benefits), including both principal and interest, are as follows:

Years Ending June 30	Principal	Interest	Total
2008	\$ 126,578	\$ 119,474	\$ 246,052
2009	135,512	110,541	246,053
2010	145,075	100,977	246,052
2011	152,314	90,738	243,052
2012	166,275	79,777	246,052
2013-2017	<u>968,473</u>	<u>205,385</u>	<u>1,173,858</u>
Total	<u>\$1,694,227</u>	<u>\$ 706,892</u>	<u>\$ 2,401,119</u>

Note 5 - Budget Information

The annual budget is prepared and adopted by Southwestern Oakland Cable Commission members; subsequent amendments are approved by the Commission members. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2007 has not been calculated. During the year, the budget was amended in a legally permissible manner.

The budget statement (statement of revenue, expenditures, and changes in fund balance - budget and actual - General Fund) is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting used in preparing the adopted budget. The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted is included in the required supplemental information.

There were no significant expenditure budget variances.

Southwestern Oakland Cable Commission

Notes to Financial Statements June 30, 2007

Note 6 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Commission has purchased commercial insurance for workers' compensation and medical benefit claims and participates in the Michigan Municipal Risk Management Authority (the "Authority") risk pool for claims relating to general liability and property loss claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's state pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 7 - Reconciliation of Modified Accrual Financial Statements to the Full Accrual Financial Statements

Total fund balance and the net change in fund balance of the Commission's General Fund differs from net assets and change in net assets of the Commission's activities reported in the governmental fund balance sheet/statement of net assets and the statement of governmental revenue, expenditures, and changes in fund balance/statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the General Fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 426,860
Amounts reported in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,263,432
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Long-term debt	(1,694,227)
Compensated absences	(45,148)
Net Assets - Full Accrual Basis	<u>\$ 950,917</u>

Southwestern Oakland Cable Commission

Notes to Financial Statements June 30, 2007

Note 7 - Reconciliation of Modified Accrual Financial Statements to the Full Accrual Financial Statements (Continued)

Net Change in Fund Balances - Modified Accrual Basis	\$ (15,825)
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Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditure; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	208,876
Depreciation	(183,321)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	118,234
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Decrease in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	<u>1,024</u>
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Change in Net Assets - Full Accrual Basis	<u>\$ 128,988</u>
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Required Supplemental Information

Southwestern Oakland Cable Commission

Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Franchise fees	\$ 587,832	\$ 587,832	\$ 643,959	\$ 56,127
Cable company operating contribution	275,805	275,805	307,498	31,693
Interest income	5,000	19,419	18,619	(800)
Miscellaneous	45,655	45,655	79,846	34,191
Total revenue	914,292	928,711	1,049,922	121,211
Expenditures				
Salaries and wages	468,787	470,981	464,580	6,401
Operating	172,224	146,900	146,160	740
Debt service:				
Principal	246,051	118,234	118,234	-
Interest	127,817	127,817	127,818	(1)
Capital outlay	129,550	206,015	208,955	(2,940)
Total expenditures	1,144,429	1,069,947	1,065,747	4,200
Excess of Expenditures Over Revenue	(230,137)	(141,236)	(15,825)	125,411
Fund Balance - July 1, 2006	442,685	442,685	442,685	-
Fund Balance - June 30, 2007	<u>\$ 212,548</u>	<u>\$ 301,449</u>	<u>\$ 426,860</u>	<u>\$ 125,411</u>

Other Supplemental Information

Southwestern Oakland Cable Commission

Comparative Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance

	2003*	2004	2005	2006	2007
Revenue					
Franchise fees	\$ 721,365	\$ 555,478	\$ 564,091	\$ 595,736	\$ 643,959
Cable company operating contribution	359,248	291,241	287,536	282,032	307,498
Interest income	2,605	2,149	4,080	12,912	18,619
Miscellaneous	3,728	59,353	51,462	24,013	79,846
Total revenue	1,086,946	908,221	907,169	914,693	1,049,922
Expenditures					
Salaries	339,981	357,738	334,291	358,919	358,427
Fringe benefits	96,952	108,537	109,117	101,893	106,153
Operating supplies and sundry	127,076	91,308	104,901	110,607	104,487
Professional fees, promotion, training, and other	68,288	41,049	71,152	35,572	41,673
Debt service:					
Principal	95,805	96,360	103,160	110,440	118,234
Interest	150,247	149,692	142,892	135,612	127,818
Capital outlay	535,271	62,372	13,531	15,110	208,955
Total expenditures	1,413,620	907,056	879,044	868,153	1,065,747
Excess of Revenue Over (Under) Expenditures	(326,674)	1,165	28,125	46,540	(15,825)
Other Financing Sources - Net proceeds from long-term debt	305,686	-	-	-	-
Excess of Revenue and Other Financing Sources Over (Under) Expenditures	(20,988)	1,165	28,125	46,540	(15,825)
Fund Balance - Beginning of year	387,843	366,855	368,020	396,145	442,685
Fund Balance - End of year	<u>\$ 366,855</u>	<u>\$ 368,020</u>	<u>\$ 396,145</u>	<u>\$ 442,685</u>	<u>\$ 426,860</u>

*For the year ended June 30, 2003 and thereafter, August receipts for prior years' fees and contributions are recorded as revenue in the period earned. In prior years, these receipts were deferred and recorded as revenue in the year received.



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October 12, 2007

To the Members of the Southwestern
Oakland Cable Commission
33300 Nine Mile Road
Farmington, MI 48336

Dear Members:

We recently completed the audit of the financial statements of Southwestern Oakland Cable Commission for the year ended June 30, 2007. In addition to the audit report, we offer the following comments for your consideration:

New auditing rules, effective December 31, 2006, have resulted in some changes in the communications that we are required to provide following our audit. These rules require us to more formally communicate matters we note about your accounting procedures and internal controls. While we have always provided our observations in these areas as part of our audit, we are now required to tell you about more items than we may have in the past and to communicate them in writing.

The new auditing standard (Statement on Auditing Standards No. 112, referred to as SAS 112) requires us to inform you about any matters noted in your accounting procedures or internal controls that the new standard defines as a "significant deficiency." The new threshold for a significant deficiency is a low one - a significant deficiency is any flaw that creates more than a remote risk of errors in your financial statements that could matter to a user of the statements. Matters that may be immaterial to the financial statements still may be classified by the new auditing standards as a significant deficiency.

We are also required to communicate these matters to more people. In the past, we have sometimes provided comments of this nature as part of a draft meeting with management. Only material internal control issues have been included in our letter. Under these new rules, we are obligated to communicate these matters in writing to all individuals involved in overseeing strategic direction and accountability for your operations, including the supervisor and the board members in addition to our communications with management. This communication is intended to comply with the requirements of the new auditing standards.

In planning and performing our audit for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The following item qualifies as material weaknesses in internal controls:

- The financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year.

We would like to express our thanks and appreciation for the courtesy and cooperation extended to us by the Commission's staff during the audit. We appreciate the opportunity to present these recommendations for your consideration and will be pleased to discuss them further at your convenience.

Yours truly,

Plante & Moran, PLLC



Gordon E. Krater



William E. Brickey